

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7505

BILL NUMBER: HB 1925

DATE PREPARED: Mar 30, 2001

BILL AMENDED: Mar 29, 2001

SUBJECT: Employee Health Benefits for Local Governmental Units.

FISCAL ANALYST: Jim Landers

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FUNDS AFFECTED: **GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: (Amended) The bill allows active and retired employees of local governmental units to participate in a state employee health benefit plan. The bill requires the State Personnel Department to provide a monthly enrollment period for local governmental units that elect to participate in a state employee health benefit plan. The bill also requires the state to charge the local unit for the full cost of insuring or reinsuring the local unit's loss experience. The bill provides that the State Personnel Department may adopt rules specifying minimum participation and contribution requirements for participation in a state employee health benefit plan.

Effective Date: July 1, 2001.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: The decision to participate in a state employee health plan would be optional for a local governmental unit, including school corporations. In addition, the state must charge the local unit for the full cost of insuring or reinsuring the local unit's loss experience. Consequently, participating local governmental units and school corporations could experience a reduction in administrative cost relating to their employee health benefit plans. However, it would appear that participation will not reduce premium costs of local governments and school corporations given that premiums must be established based on the loss experience of the local unit's employees.

Explanation of Local Revenues:

State Agencies Affected: State Department of Personnel.

Local Agencies Affected: Local Governmental Units, School Corporations.

Information Sources: